



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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TO: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **eCAPS Project Status Report – Phase I Implementation**

The Board requested a Phase I report including an evaluation of the Phase I implementation of the eCAPS Project, the budget status, and impacts on other local or State jurisdictions. In summary, the implementation:

- Was on-time and implemented prior to the beginning of the fiscal year (July 1st):
 - The first disbursements were on June 27th for the July 1st issuances; and
 - The application was made available to departments on June 29th to begin entry for July 1st.
- Remained within budget with change notices for a limited number of software changes, additional post-implementation support for technical assistance and training;
- Included all major planned functionality and the five key milestones of the project were met on-time; and
- Provided training for over 3,400 staff in more than 400 sessions across 17 different County locations.

Project Status

Project On Schedule:	Yes
Project Within Budget:	Yes
Issues Requiring Attention:	Security setup, training, reports, vendor update

During the month of July, the eCAPS application performed the following activity:

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- 850,000 documents were processed successfully in the new application;
- 350,000 disbursements were made;
- 3,300 deposit permits were processed for the recording of cash / revenue received;
- Over 22,000 commitments and prior year payables were converted to eCAPS;

The major business process changes were:

- All disbursement applications (approximately 20), except for LEADER were combined into a single accounts payable application;
- The County's direct deposit application PADDs was converted to eCAPS;
- Over 8,000 contract records in the Countywide Contract Monitoring System (CCMS) were moved into eCAPS to establish the base for monitoring and tracking contracts and create a base for establishing new contracts in eCAPS;
- The FY2005-2006 Adopted Budget was entered and balanced in eCAPS;

The eCAPS contract identified 2,234 business requirements that were identified to be met with the implementation of the application. An extensive mechanism was maintained to track the resolution of every business requirement. Of the total, 94% were applied; 5% deferred to best be completed in Phase II of the project (e. g., related to the procurement, etc.) and 1% were determined to no longer be required.

The main focus of the eCAPS Project during the first two months of operation has been to:

- Complete the conversion from CAPS to eCAPS as the County closes the FY2004 – 2005 fiscal year in CAPS;
- Respond to any corrections in setup of Chart of Accounts coding identified by departments once FY 2005 – 2006 operations began;
- Stabilize the operation of the new application so that it can be automated and performed routinely for the nightly production cycle;
- Provide support to County departments
 - through the Help Desk;
 - conducting additional training;
 - response to emails and phone messages; and
 - on-site assistance.

Areas of Special Attention or Concern

In general, the transition to the new eCAPS application has gone smoothly with little major disruption in services; however, there have been several areas of implementation which have required special attention or processing:

- **Accuracy and timeliness of disbursements** – The eCAPS Project converted the disbursements of warrants, excluding LEADER, to a single disbursement application using a single vendor table. This has been a challenge for some departments in adapting to the new business process and procedures. The new

eCAPS application processed over 350,000 automated disbursements in July and made improvements to the County's ability to monitor activity and respond to information requests.

Several transitional problems have occurred during the month. The Auditor-Controller staff worked successfully with department staff to minimize disruption to make processing problems generally transparent to recipients. Problem areas addressed include:

- Correcting errors in the data submitted by departments when creating the vendor file. This resulted in warrants being issued in July for recipients scheduled to receive payment by direct deposit. This problem was corrected for the August issuance;
 - Vendors with errors on their Tax Identification Numbers (TIN) were placed on hold for correction causing delays in payment while the information was being updated or the vendor code with correct information was identified;
 - Conversion of duplicate vendors across departments to a single vendor number will cause some confusion and delays until the departments adjust to using the new vendor code;
 - Warrants were validated with Bank of America, but County printers are having difficulty validating accuracy prior to distribution (banks are reading checks correctly and no warrants have been rejected due to this difference in alignment);
 - Departments have had difficulty adjusting to the requirements of the new vendor table including DCFS issuing correct direct deposits; Workers Compensation updating vendor information; and the Superior Court in reducing their backlog of payments. The Auditor-Controller has been assisting these departments in resolving the problems; and
 - Several minor check and check stub alignment problems have been discovered when processing the high volume of disbursements and have been corrected.
- **Interface files in production** – Departments sent test files to the eCAPS Project Team for certification prior to loading into the new eCAPS application. The department was also given the opportunity to send full production volume files to test prior to the implementation and worked with the eCAPS Project Team to resolve any discrepancies.

Most interface files interfaced successfully and had very few or no errors, but a few departments experienced problems when converting to real production files rather than the use of test data. The types of problems experienced related to:

- Referencing inactive vendor codes or vendors on hold
- Use of chart of accounts values that are no longer valid in eCAPS; and
- Entering correct processing dates on the records.

Two areas which continue to experience difficulty in interfacing completely correct files are the DHS HMMS payments and the DCFS Child Care payment files. The HMMS data is being corrected on-line after submission and DCFS is manually entering transactions on-line until their contractor can complete the necessary corrections.

- **Follow-up training for staff** – The eCAPS Project provided application training to over 3,400 County staff in more than 400 sessions at 17 different County locations. As departments become more familiar with the capabilities of the application, additional staff has been identified to be trained or departments have identified additional functions staff need access to and training. Also, as the departments completed their Internal Control Plans additional staff required training for different roles or training on doing approvals to maintain a separation of duties.

The eCAPS Advisory Committee authorized use of contingency funds as part of Change Notice #2 to contract for two additional CGI-AMS trainers for five months to assist the County in providing additional training.

- **Incomplete security setup and a remaining need to tie to department internal control plans** - The security setup was not 100% accurate and complete at the time of implementation. This was due to several factors:
 - Security setup and the identification of user roles to the correct security setup was still being completed when the load to production was performed;
 - The eCAPS Team and County department staff were learning the new security capabilities and adjustments in the planned setup were required;
 - Departments identified functionality, not originally anticipated, but required by staff resulting in changes to the security plans;
 - The department's Internal Control Plans required a separation of data entry functions from approval roles and multiple levels of approval required additional security setup; and
 - Security is structured by department and several business functions are performed for multiple departments or across departmental lines requiring adjustments to the security setup.

The eCAPS application has an extensive security setup that is categorized by the type of document being processed (encumbrance, payment, journal voucher, etc.) and the type of action the user is permitted to perform (inquiry, data entry or approval). In addition, the Auditor-Controller's Audit Division worked with departments to establish Internal Control Plans (ICP) which identified department procedures for processing financial documents and the individuals authorized to apply approvals.

The security setup is then used in combination with the workflow capabilities of the application to determine the flow of on-line documents for review and approval. In general, documents require two levels of approval prior to being finalized. Workflow also allows certain transactions to be routed for a central review after the department review and approval.

Significant progress has been made by the end of August to resolve many of the security issues. This continues to be an on-going matter and may take several months to fully resolve outstanding setup problems. The main problem areas are related to transactions that require processing across department lines, such as Capital Projects or transactions processed on behalf of another department.

- **Report availability and poor report performance** – The eCAPS Project uses the COGNOS application as its Business Intelligence application for reporting. Over 120 reports were developed to replace reports from CAPS or other legacy applications. The reports were completed as planned, however, the following problems have been identified which have required action by the eCAPS Project Team and the eCAPS Advisory Committee:
 - The COGNOS parameter-based reports were running too slow – When placed into production, many reports were taking too long to create the drop-down list for the selection criteria to generate a report. COGNOS consultants, the CGI-AMS database administrator, and the ISD database administrator reviewed the report designs and identified changes to the designs which have significantly improved performance.
 - The report size is large and reducing performance – Several of the reports are very large, even with a limited amount of activity. This is causing problems for many users to open the reports on their computer. The Auditor-Controller is producing several of the reports nightly and making the result available on-line rather than the planned running on request.

The eCAPS Project staff are exploring alternative methods for faster generation of the large, countywide reports. Approaches being explored include changes in the design of the reports; creation of department folders for easier access; and producing the main reports off-line and making a completed report in PDF format available for departments to access.

The CIO's Office has arranged for COGNOS assistance to review report design and performance and to work with County and CGI-AMS staff to make improvements. Until the performance on the main countywide reports has improved, the expansion of the ad-hoc reporting capabilities to departments has been on hold.

Project Budget Status

The eCAPS Budget for Phase I implementation was \$17,315,000. This included implementation services, systems equipment and five years of application maintenance fees. The table below shows the eCAPS Project allocations and the spending through July 31st.

Project Allocation	Budget	Actual As of July 31 st	Balance
Implementation Services	\$9,000,000	\$6,858,315	\$2,141,685
Equipment	\$3,500,000	\$3,466,792	\$33,208
Maintenance Fees	\$4,250,000	\$0	\$4,250,000
Software	\$565,000	\$565,000	\$0
Total	\$17,315,000	\$10,890,107	\$6,424,893

The \$9,000,000 includes a contingency of \$700,000. The eCAPS Advisory Committee has authorized the two Change Notices totaling \$697,500 for software modifications, additional post-implementation support and additional trainers.

The eCAPS Phase II amendment to the CGI-AMS contract for \$37,291,618 includes funds for implementation services, contingency, and human resource application maintenance fees. There have been no disbursements to date.

Project Issues and Corrective Actions

The eCAPS Project Management Team has reviewed the Phase I experiences of design, development and implementation of the General Ledger, Accounts Payable, Accounts Receivable and Cost Accounting modules and identified several areas of improvement for Phase II modules which includes budget preparation, time collection, procurement, inventory and fixed assets. These improvement areas are:

- **A more comprehensive Implementation Analysis Document** – At the completion of the Design Phase of each sub-project, an Implementation Analysis Document (IAD) will be created and used as the roadmap for the development and implementation stages. The IAD for Phase I was complete and met all identified contractual requirements, however, the eCAPS Project Management Team has identified several areas for improvement in the document and a difference in approach. The IADs for Phase II will provide more details and proposed approaches earlier in the project schedule. This will allow for more time to learn, test and implement the proposed approaches.
- **Report designs from both a functional and technical detail perspective will be provided earlier** – Report designs were completed as proposed, but it was found that it would have been helpful to provide the technical details of the source of the information and detailed aspects of the report earlier.

- **Inbound and outbound interface designs will be completed earlier** – The Inbound and Outbound interface designs were provided later than planned. Some of the implementation errors could have been avoided with more time to test. Departments will be provided design documents earlier to prepare and assess the impact of the new interfaces.
- **Security setups for documents and users will be provided prior to training** – The proposed security setup will be provided prior to training in order to assist departments in identifying the correct users to train and the appropriate roles those staff will be performing.
- **Identification of changes in business procedures must be given more visibility** – The impact of new procedures in budget preparation, procurement, vendor self-service, inventory, time collection, and fixed assets will be given a higher visibility and emphasis in Phase II.

Impact on Other Jurisdictions

The eCAPS applications predominately impact only County operations. Other jurisdictions will see differences in how they access information, submit requests for payments from their accounts; deposit funds; the format of County billings; or in the reports they receive. The Auditor-Controller is working with outside agencies to provide regular monthly reports and to provide direct access to the eCAPS application. Alternatives are being explored for the larger operations to access eCAPS directly and initiate documents on-line rather than continuing to use paper forms. This will require security setups and training of the outside agency staff.

There should be no impact on State operations.

Summary

The Auditor-Controller is taking the following actions to address the issues and concerns identified from the first two months of implementation:

- **Additional training on problem areas** – Additional training sessions are being provided in several areas to assist departments in using the new applications. Sessions have been scheduled for accounts payable, contract administration, accounts receivable and reporting. In addition, several workshops have been held with specific departments to address a variety of questions and procedures identified by the department. These workshops are tailored to meet specific department needs.
- **Training on vendor procedures and use of the vendor table** – The Auditor-Controller's Disbursements Division will be conducting several training sessions in the month of September on the proper procedures to follow when selecting the correct vendor code; techniques for searching to find the correct vendor; proper procedures for requesting a new vendor code and proper procedures for updating existing vendor codes. This material will be a repeat of the training material provided prior to go-live supplemented by observations from the first two

months of operation and will include steps to avoid common errors that are occurring.

- **Improvements in availability and performance of reports** – The Auditor-Controller continues to work with the CIO and ISD staff to improve department accessibility to reports and the performance of those reports. The CIO has arranged for COGNOS to assist the County in troubleshooting problems, reviewing the County designs or approach and developing recommendations for improvement.
- **Direct assistance to County departments** – The Auditor-Controller staff have attempted to be pro-active in identifying problem areas and working with departments to resolve their problems. Examples include, assistance to DCFS on payment problems; working with Workers Compensation on updating vendor information; and assisting the Superior Court in reducing their backlog of payments. This assistance will continue until the problems are resolved.

In summary, the eCAPS implementation can be considered a successful implementation. There are some existing transition issues; a learning curve by departments until the new approaches are understood; and the need to make adjustments to County business procedures. However, the eCAPS application has laid a solid foundation for expanding and improving the County financial systems.

JTM:rad

c: Chief Administrative Officer
eCAPS Advisory Committee
Information Systems Commission
County Counsel